

Message Text

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S E C R E T Q E C T I O N 1 O F 4 P A N A M A 6 4 0 9

EXDIS

FROM BUNKER

EO 11652: GDS

TAGS: PN, PFOR

SUBJ: U.S. PANAMA TREATY NEGOTIATIONS: REPORT OF CHIEF
NEGOTIATORS' SESSION OCTOBER 27-NOVEMBER 7, 1974,
CONTADORA ISLAND, PANAMA

I

PANAMA HAS ACCEPTED THE PACKAGE PROPOSAL I OFFERED ON THE
CRITICAL ISSUES OF CANAL OPERATION, CANAL DEFENSE, AND THE
EXERCISE OF JURISDICTION. ACCORDINGLY IT IS REASONABLE TO SAY
THAT A NEW TREATY IS IN SIGHT. THE PARTIES HAVE AGREED TO A
SCHEDULE OF NEGOTIATION DESIGNED TO CONCLUDE IT BY NEXT MARCH.

WHETHER IT WILL BE POSSIBLE TO DO SO DEPENDS ON NEGOTIATING
QUICKLY THE NEXT TWO ISSUES--COMPENSATION TO PANAMA AND THE
RETURN OF ZONE LANDS TO PANAMA, AND THEN ON ARRIVING AT A
SATISFACTORY FORMULA FOR HANDLING THE FINAL, DIFFICULT ISSUES OF
THE TREATY'S DURATION AND OF AN OPTION FOR EXPANSION OF THE
CANAL.

THE PANAMANIAN WERE GRATIFIED AT THE UNITED STATES
PROPOSALS WHICH WOULD RESTORE THEIR "SOVEREIGNTY." AS A RESULT
THEY AGREED TO LANGUAGE WHICH, IN MY JUDGMENT, WOULD GUARANTEE

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EFFECTIVE UNITED STATES CONTROL OF CANAL OPERATION AND DEFENSE

THROUGH THE TREATY'S LIFETIME.

THAT IS NOT TO SAY THAT THEY DID NOT BARGAIN VIGOROUSLY, AND IN SOME INSTANCES I CHOSE TO ACCEPT THEIR CONCEPTS AND LANGUAGE IN ORDER TO SECURE THEIR COMMITMENT TO MATTERS OF PARTICULAR CONCERN TO THE UNITED STATES. THAT WAS ALSO THE CASE WITH RESPECT TO THE ISSUE OF JURISDICTIONAL CONTROL. THE BARGAINING PROCESS, IN FACT, BENEFITS THE UNITED STATES. THE PANAMANAIANS NOW CANNOT SAY THAT THE UNITED STATES IMPOSED ITS WILL UPON THEM..

THESE PROPOSALS ARE INCORPORATED IN THREE SEPARATE "THRESHOLD AGREEMENTS" -- AGREEMENTS ON CONCEPTS TO GUIDE THE TREATY DRAFTING -- WHICH THE CHIEF NEGOTIATORS HAVE INITIATED. THE TEXTS FOLLOW. IT IS OF COURSE UNDERSTOOD BETWEEN THE PARTIES THAT "THRESHOLD AGREEMENTS" ARE NOT IMMUTABLE. ALL OR PARTS OF THEM ARE SUSCEPTIBLE TO THE TRADE-OFF PROCESS WHICH WILL INEVITABLY OCCUR TOWARD THE END OF THE NEGOTIATION. THESE AGREEMENTS CONSTITUTE THE MOST THAT THE UNITED STATES CAN OBTAIN THUS FAR IN THIS GIVE-AND-TAKE EXERCISE.

GENERAL TORRIJOS' COMMENT TO ME THAT THE AGREEMENTS HAVE "BROKEN THE BACK OF THE TREATY PROBLEM" MAY BE AN OVERSTATEMENT, BUT I AM HOPEFUL IT IS NOT.

II.

WITH RESPECT TO A STATUS OF FORCES AGREEMENT (SOFA), THE FOREIGN MINISTER EMPHASIZED THAT PANAMA HAS "NO SERIOUS OBJECTION TO THE SUBSTANCE" OF THE DRAFT I PRESENTED AS PART OF THE UNITED STATES OFFER (ON THE UNDERSTANDING IT WAS A PRELIMINARY RATHER THAN FINAL DRAFT), BUT DOES HAVE SOME DIFFICULTY WITH THE "FORMAT" AND SOME OF THE PHRASING. AS A RESULT OF THE MINISTER'S DESIRE TO MOVE QUICKLY, HE ASKED THAT MY DEPUTY REMAIN ON CONTADORA TO WORK WITH HIS COUNTER-PART ON THE DOCUMENT, WITH INSTRUCTIONS TO PRODUCE A FINAL PRODUCT AND REFERENDUM TO THE CHIEF NEGOTIATORS WITHIN A WEEK. BELL WILL OF COURSE BE CONSULTING WITH ME AND INTERESTED WASHINGTON AGENCIES DURING THE PROCESS. ATTORNEY-ADVISED KOZAK WILL ALSO REMAIN HERE.

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III.

GENERAL TORRIJOS CALLED ON ME SEVERAL EVENINGS AGO, AS A GESTURE OF SATISFACTION AT THE UNITED STATES OFFER. AT THAT TIME I ADVISED HIM OF OUR WILLINGNESS TO CONSIDER APPOINTING A DISTINGUISHED PANAMANIAN CITIZEN AS "COUNSELLOR TO THE PRESIDENT" OF THE PANAMA CANAL COMPANY, AND TO CREATE NOW A "WORKING GROUP" TO BEGIN PLANNING FOR THE FIRST STAGE OF PANAMA'S

PARTICIPATION IN CANAL OPERATION. HE EXPRESSED CONSIDERABLE SATISFACTION AT THESE EARNESTS OF THE UNITED STATES DESIRE TO MOVE QUICKLY TOWARD A NEW RELATIONSHIP, AND I LEARNED SUBSEQUENTLY THAT THESE UNILATERAL ACTIONS OCCASIONED MORE PANAMANIAN FLEXIBILITY IN NEGOTIATING THE ISSUE OF CANAL DEFENSE THAN WOULD OTHERWISE HAVE APPEARED. I BELIEVE THAT WE SHOULD NOW IMPLEMENT THE TWO ACTIONS.

IV.

SUMMARIZING WHAT THE UNITED STATES HAS ACHIEVED FROM THE NEGOTIATION OF THE TRIPARTITE OFFER:

1. PANAMA HAS AGREED THAT THE UNITED STATES SHALL HAVE THE "PRIMARY RESPONSIBILITY," DURING THE TREATY'S LIFETIME, FOR BOTH CANAL OPERATIONS AND DEFENSE.

2. PANAMA HAS AGREED TO GRANT THE BASIC OPERATING RIGHTS THE UNITED STATES REQUIRES, INCLUDING THE USE OF AREAS, FREE AND UNIMPEDED MOVEMENT, AND RIGHTS TO GUARD INSTALLATIONS, TO CONTROL THE SETTING OF TOLLS AND THE NAVIGATION OF SHIPS, AND TO REGULATE LABOR RELATIONS. THEY HAVE ALSO AGREED TO GRANT THE UNITED STATES RIGHTS IN SEPARATE AGREEMENTS TO PROVIDE SERVICES SUCH AS SCHOOLS, HOSPITALS AND PUBLIC UTILITIES.

3. PANAMA HAS AGREED TO LANGUAGE WHICH ENABLES THE UNITED STATES TO ACT UNILATERALLY TO DEFEND THE CANAL.

4. PANAMA HAS AGREED THAT THE UNITED STATES MAY RETAIN MILITARY ACTIVITIES NOT RELATED TO OPERATION AND DEFENSE OF THE CANAL.

5. PANAMA HAS AGREED TO A JOINT COMMITMENT TO ENSURE THE SECRET

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PERMANENT NEUTRALITY OF THE CANAL.

6. PANAMA HAS AGREED THAT CIVILIAN EMPLOYEES OF THE CANAL COMPANY MAY BE AFFORDED SPECIAL PRIVILEGES AND IMMUNITIES FOR A PERIOD TO BE SPECIFIED IN THE TREATY. THE MINISTER INDICATED THAT THESE COULD BE SUBSTANTIALLY SIMILAR TO THOSE OFFERED TO OTHER UNITED STATES EMPLOYEES UNDER A SOFA.

7. PANAMA HAS RECEDED FROM (A) ITS POSITION THAT IT SHOULD HAVE SOLE RESPONSIBILITY FOR "LOCAL DEFENSE" OF THE CANAL; (B) ITS INSISTENCE THAT THE UNITED STATES COMMIT ITSELF TO PROGRESSIVE DISMANTLING OF THE PHYSICAL UNITED STATES MILITARY PRESENCE; AND (C) ITS INSISTENCE THAT THE UNITED STATES COMMIT ITSELF EXPLICITLY TO REMOVING THAT PRESENCE ENTIRELY UPON THE TERMINATION OF THE TREATY.

V.

FOR ITS PART, THE UNITED STATES HAS AGREED TO DIVEST ITSELF OF THE APPURTENANCES OF SOVEREIGNTY WHICH ARE NOT REQUIRED FOR THE DISCHARGE OF ITS RESPONSIBILITIES FOR CANAL OPERATION AND DEFENSE AND WHICH PANAMA HAS CONSIDERED TO BE OFFENSIVE.

THERE IS TO BE NO "CANAL ZONE," NOR "CANAL ZONE GOVERNMENT." PANAMA WILL ACQUIRE CRIMINAL JURISDICTION OVER ITS NATIONALS AND JURISDICTION OVER PRIVATE CIVIL MATTERS IMMEDIATELY THE TREATY ENTERS INTO FORCE. WITHIN THREE YEARS THEREAFTER, CIVILIAN UNITED STATES COURTS WILL DISAPPEAR AND PANAMA WILL ACQUIRE GENERAL POLICE AUTHORITY. IN ADDITION THE UNITED STATES HAS OFFERED PANAMA MEANINGFUL PARTICIPATION -- IN EFFECT A "PARTNERSHIP" -- IN CANAL OPERATION AND DEFENSE. FINALLY THE UNITED STATES HAS OFFERED TO RENEGOTIATE THE TREATY FIVE YEARS BEFORE ITS EXPIRATION DATE, TO ASSURE THAT IMPLEMENTATION OF THE TREATY'S PROVISIONS IS BEING CARRIED OUT IN WAYS SUCH THAT PANAMA WILL BE CAPABLE OF ASSUMING RESPONSIBILITY FOR CANAL OPERATION AND DEFENSE AT THE END OF THE TREATY PERIOD. BOTH PARTIES ALSO UNDERSTAND THAT RENEGOTIATION WOULD PERMIT DISCUSSION OF ARRANGEMENTS WHEREBY THE UNITED STATES COULD ASSIST PANAMA WITH SOME ASPECTS OF CANAL DEFENSE IN THE POST-TREATY PERIOD.

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EXDIS

FOLLOWING ARE THE TEXTS OF THE THREE "THRESHOLD AGREEMENTS."
THRESHOLD AGREEMENT ON INCREASING PANAMANIAN PARTICIPATION

IN THE ADMINISTRATION OF THE CANAL

WHEREAS PANAMA SHALL PARTICIPATE IN THE ADMINISTRATION OF THE WATERWAY;

WHEREAS THE PRIMARY OBJECTIVE OF PANAMANIAN PARTICIPATION IS TO ENSURE THAT THE REPUBLIC OF PANAMA IS PREPARED TO ASSUME TOTAL RESPONSIBILITY FOR THE EFFICIENT OPERATION OF THE WATERWAY UPON TERMINATION OF THE NEW TREATY;

WHEREAS THIS OBJECTIVE IS TO BE ACCOMPLISHED BY ENSURING THAT THERE ARE SUFFICIENT NUMBERS OF SKILLED PANAMANIAN PERSONNEL AVAILABLE TO OPERATE THE WATERWAY UPON THE TERMINATION OF THE TREATY;

WHEREAS THAT PROCESS SHALL BE INITIATED IMMEDIATELY THE TREATY ENTERS INTO FORCE;

WHEREAS JOINT PLANNING FOR THE VARIOUS STAGES OF PANAMANIAN PARTICIPATION SHALL BE INITIATED BEFORE THE ENTRY INTO FORCE OF THE NEW TREATY;

WHEREAS SUCH PANAMANIAN PARTICIPATION SHALL CONSTITUTE THE SECRET

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BASIS FOR AN EFFECTIVE PARTNERSHIP BETWEEN THE TWO COUNTRIES WITH RESPECT TO THE ADMINISTRATION OF THE WATERWAY.

IT IS AGREED THAT:

A. DURING THE TREATY'S LIFETIME THE UNITED STATES SHALL POSSESS THE PRIMARY RESPONSIBILITY FOR THE OPERATION OF THE CANAL AND THE TRANSIT OF SHIPS.

B. THERE SHALL BE GROWING PARTICIPATION OF PANAMANIAN NATIONALS AT ALL LEVELS AND AREAS OF EMPLOYMENT IN THE OPERATION OF THE CANAL, INCLUDING PARTICIPATION IN THE FORMULATION OF OVERALL POLICY AS WELL AS IN THE DAILY-TO-DAY OPERATION OF THE CANAL.

C. EMPLOYMENT PREFERENCES FOR CITIZENS OF THE REPUBLIC OF PANAMA SHALL BE ESTABLISHED TO ENSURE THE GROWTH, IN ORDERLY STAGES, OF PANAMANIAN PARTICIPATION.

D. A JOINT CONSULTATIVE GROUP SHALL BE ESTABLISHED ON THE PRINCIPLE OF PARITY AND AT A HIGH GOVERNMENT LEVEL TO CONSTITUTE THE CHANNEL BETWEEN THE TWO GOVERNMENTS CONCERNING PANAMANIAN PARTICIPATION IN THE ADMINISTRATION. THE FUNCTIONS OF THIS GROUP WILL INCLUDE:

1. RECOMMENDING SPECIFIC HIRING PROGRAMS DESIGNED TO BRING ABOUT INCREASING EMPLOYMENT OF PANAMANIAN CITIZENS THROUGH HORIZONTAL TRANSFERS FROM PANAMA'S ECONOMY;

2. RECOMMENDING SPECIFIC PROMOTION AND TRAINING PROGRAMS DIRECTED TOWARDS THE VERTICAL PROMOTION OF PANAMANIAN CITIZENS FROM POSITIONS OF MINOR RANK TO THOSE OF HIGHER RANK AT ALL LEVELS;

3. RECOMMENDING OTHER POLICIES, PROGRAMS AND GUIDELINES DESIGNED TO PREPARE, IN AN ORDERLY AND EFFECTIVE FASHION, FOR THE ASSUMPTION BY PANAMA OF TOTAL RESPONSIBILITY FOR THE ADMINISTRATION, OPERATION AND MAINTENANCE OF THE CANAL UPON THE TERMINATION OF THE TREATY.

E. JOINT TECHNICAL ADVISORY COMMITTEES SHALL BE APPOINTED
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BY THE NEW ADMINISTRATIVE ENTITY HAVING FUNCTIONS WHICH WOULD INCLUDE RECOMMENDATIONS RESPECTING THE INTEGRATION OF THE ELECTRIC POWER, WATER SUPPLY, ROADS, PORTS AND OTHER INFRASTRUCTURAL SYSTEMS OF THAT ENTITY WITH THOSE OF THE REST OF THE REPUBLIC OF PANAMA.

F. THE EXISTING PANAMA CANAL COMPANY SHALL BE DIESTABLISHED UPON THE ENTRY INTO FORCE OF THE TREATY. IT SHALL BE REPLACED BY A NEW ADMINISTRATIVE ENTITY, GOVERNMENTAL OR OTHERWISE, WHICH, IN ADDITION TO MANAGING THE OPERATION OF THE CANAL, SHALL IMPLEMENT PROGRAMS FOR EMPLOYING AND TRAINING PANAMANIANS IN ACCORDANCE WITH THE ABOVE PRINCIPLES AND OBJECTIVES, WHICH SHALL BE SET FORTH IN THE TREATY.

G. ACTIVITIES NOW PERFORMED BY U.S. AGENCIES WHICH ARE TO BE TRANSFERRED TO PANAMANIAN OPERATION SHALL BE IDENTIFIED IN THE NEW TREATY. SUCH TRANSFERS SHALL TAKE PLACE AS PROMPTLY AS MAY BE PRACTICABLE AND WITHIN THE TIME LIMITS AGREED TO BY THE TWO GOVERNMENTS UPON THE RECOMMENDATION OF THE WORKING GROUP TO BE FORMED BEFORE THE CONCLUSION OF THE TREATY TO PLAN FOR THE FIRST STAGE OF PANAMA'S PARTICIPATION IN CANAL OPERATION.

H. THE GOVERNMENTS OF PANAMA AND THE UNITED STATES SHALL HAVE DIRECT RESPONSIBILITY FOR THE FULFILLMENT OF THE PROVISIONS OF THE TREATY.

PANAMA,

NOVEMBER 6, 1974

THRESHOLD AGREEMENT ON PROTECTION AND DEFENSE OF THE CANAL

WHEREAS THE PANAMA CANAL IS AN INTEROCEANIC WATERWAY IN WHICH THE REPUBLIC OF PANAMA HAS AN INHERENT INTEREST AS THE TERRITORIAL SOVEREIGN AND THE UNITED STATES HAS AN INTEREST BY VIRTUE OF HAVING CONSTRUCTED IT, AND WHICH CONTRIBUTES IN SIGNIFICANT FORM TO THE OBJECTIVE OF AN ECONOMICALLY PROSPEROUS AND PEACEFUL WORLD;

WHEREAS PANAMA, AS TERRITORIAL SOVEREIGN, POSSESSES RESPONSIBILITY FOR THE DEFENSE OF ITS
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TERRITORY;

WHEREAS THE UNITED STATES SHALL POSSESS PRIMARY RESPONSIBILITY FOR THE PROTECTION AND DEFENSE OF THE WATERWAY UNTIL THE EXPIRATION OF THE TREATY;

WHEREAS UPON THE EXPIRATION OF THE TREATY, PANAMA SHALL ASSUME TOTAL RESPONSIBILITY FOR DEFENSE OF THE WATERWAY;

WHEREAS DURING THE TREATY'S LIFETIME, PANAMA SHALL INCREASINGLY PARTICIPATE WITH THE UNITED STATES IN THE DEFENSE OF THE WATERWAY, SUBJECT TO CONTINUING REVIEW TO DETERMINE WHAT CHANGES CAN BE MADE OVER TIME IN THE MEASURE THAT PANAMA'S CAPABILITIES PERMIT, AND CONSISTENT WITH THE PRIMARY RESPONSIBILITY OF THE UNITED STATES FOR DEFENSE OF THE WATERWAY;

WHEREAS IN THE MEASURE THAT THIS PROCESS RELIEVES THE UNITED STATES OF OPERATIONAL REQUIREMENTS, FACILITIES WHICH MAY NOT BE CONSIDERED ESSENTIAL WILL BE RELEASED TO PANAMA ON TERMS TO BE AGREED UPON; AND

WHEREAS THE COMBINED PROTECTION AND DEFENSE ARRANGEMENTS OF THE PARTIES SHALL NOT INHIBIT THE IDENTITY OR LINES OF AUTHORITY OF THE PANAMANIAN AND UNITED STATES MILITARY INSTITUTIONS.

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EXDIS

IT IS AGREED THAT:

A. EACH PARTY SHALL ACT TO MEET THE COMMON DANGER RESULTING FROM AN ARMED ATTACK OR OTHER ACTIONS WHICH THREATEN THE SECURITY OF THE WATERWAY AND THE TRANSIT OF SHIPS IN ACCORDANCE WITH ITS CONSTITUTIONAL PROCESSES.

B. THE CONTRACTING PARTIES COMMIT THEMSELVES TO ENSURE THE EFFICIENT AND PERMANENT NEUTRALITY OF THE INTEROCEANIC WATERWAY, WHICH SHALL REMAIN OPEN TO THE SHIPS OF ALL NATIONS ON A NON-DISCRIMINATORY BASIS, AND SHALL MAKE EFFORTS THAT SUCH NEUTRALITY IS RECOGNIZED AND GUARANTEED BY ALL NATIONS.

C. BOTH PARTIES SHALL ESTABLISH A COMBINED BOARD COMPRISED OF SENIOR PANAMANIAN AND UNITED STATES MILITARY REPRESENTATIVES, OF EQUAL STANDING, CHARGED BY THEIR RESPECTIVE GOVERNMENTS WITH CONSULTING AND COOPERATING ON ALL MATTERS PERTAINING TO CANAL PROTECTION AND DEFENSE, AND WITH PLANNING FOR ACTIONS TO BE TAKEN IN CONCERT TO GUARANTEE THE CANAL'S SECURITY OR NEUTRALITY. THE BOARD SHALL PROVIDE FOR COORDINATION AND COOPERATION ON:

1. CONDUCTING PANAMANIAN AND UNITED STATES OPERATIONS IN PROTECTION AND DEFENSE OF THE WATERWAY;

2. PREPARING CONTINGENCY PLANS FOR THE PROTECTION AND
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DEFENSE OF THE WATERWAY BASED UPON THE COOPERATIVE EFFORTS OF THE TWO NATIONAL FORCES;

3. PLANNING AND CONDUCTING COMBINED MILITARY EXERCISES;

4. PLACING INTO EFFECT THE COMBINED USE OF TRAINING

AREAS; AND

5. ASSURING THAT PANAMA'S PARTICIPATION INCLUDES THE UTILIZATION OF PANAMANIAN FORCES AND OTHER RESOURCES WITH RESPECT TO FUNCTIONS, LEVELS OF PERSONNEL AND LOCALES OF OPERATION.

D. THE GOVERNMENT OF PANAMA SHALL CONFER UPON THE UNITED STATES USE RIGHTS FOR THE PURPOSE OF PROTECTING AND DEFENDING THE WATERWAY AND THE TRANSIT OF SHIPS THEREIN WHICH:

1. PERMIT THE UNITED STATES TO MAINTAIN LAND, AIR AND SEA FORCES ON SPECIFIC LOCALES MADE AVAILABLE BY PANAMA;

2. SHALL INCLUDE A STATUS OF FORCES AGREEMENT IN ORDER TO ENABLE THE EFFECTIVE OPERATION OF THOSE FORCES AND THEIR AGENCIES; AND

3. SHALL LAPSE AT THE END OF THE TREATY'S LIFETIME UNLESS THE TWO PARTIES AGREE OTHERWISE THROUGH NEGOTIATIONS TO BE HELD 5 YEARS BEFORE THE EXPIRATION OF THE TREATY.

E. BOTH PARTIES WILL REVIEW THE COMBINED FORCES POSTURE AT 5 YEAR INTERVALS THROUGHOUT THE DURATION OF THE TREATY.

F. MATTERS RELATING TO THE COSTS OF PANAMA'S PARTICIPATION IN CANAL PROTECTION AND DEFENSE WILL BE DEALT WITH IN THE TREATY.

G. SINCE PANAMA IS A SIGNATORY TO THE TREATY ON PROHIBITION OF NUCLEAR ARMS IN LATIN AMERICA (TREATY OF TLATELOLCO), THE UNITED STATES SHALL EMPLACE NO TYPE OF NUCLEAR ARMAMENT ON PANAMANIAN TERRITORY.

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PANAMA,

NOVEMBER 6, 1974

THRESHOLD AGREEMENT ON JURISDICTION AND RIGHTS OF USE

WHEREAS THE PANAMA CANAL IS AN INTEROCEANIC WATERWAY IN WHICH THE REPUBLIC OF PANAMA HAS AN INHERENT INTEREST AS THE TERRITORIAL SOVEREIGN AND THE UNITED STATES HAS AN INTEREST BY VIRTUE OF HAVING CONSTRUCTED IT, AND WHICH CONTRIBUTES IN SIGNIFICANT FORM TO THE OBJECTIVE OF AN ECONOMICALLY PROSPEROUS AND FREE WORLD; AND

WHEREAS THE PARTIES ARE DESIROUS OF IMPLEMENTING THE

FOREGOING CONCEPTS BY FORMING A NEW PARTNERSHIP RELATIONSHIP BETWEEN THEM, IN ACCORDANCE WITH THE NEW TREATY WHICH IS TO ELIMINATE THE CAUSES OF CONFLICT;

IT IS AGREED THAT:

A. UPON THE ABROGATION OF THE TREATIES WHICH GOVERN THE RELATIONS BETWEEN PANAMA AND THE UNITED STATES RESPECTING THE PANAMA CANAL, UNITED STATES JURISDICTION SHALL CEASE IN THE PANAMANIAN TERRITORY KNOWN AS THE CANAL ZONE.

B. THE LAWS OF PANAMA SHALL BE IN EFFECT IN THE PANAMANIAN TERRITORY FORMERLY KNOWN AS THE CANAL ZONE, EXCEPT AS AGREED UPON IN THE TREATY.

C. THE UNITED STATES AGENCY KNOWN AS THE CANAL ZONE GOVERNMENT SHALL CEASE TO EXIST IMMEDIATELY UPON THE TREATY'S ENTRY INTO FORCE.

D. ALL RELATIONS OF A PRIVATE CIVIL NATURE ARISING IN PANAMA SHALL BE SUBJECT TO PANAMANIAN JURISDICTION IMMEDIATELY THE TREATY ENTERS INTO FORCE.

E. BY VIRTUE OF THE ABROGATION OF THE TREATIES PANAMA SHALL RESUME CRIMINAL JURISDICTION OVER PANAMANIAN AND NATIONALS OF THIRD COUNTRIES.

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F. PANAMA, IN THE EXERCISE OF ITS SOVEREIGNTY, SHALL RESUME THE GENERAL POLICE AUTHORITY IN THE PART OF ITS TERRITORY KNOWN AS THE CANAL ZONE UPON THE ENTRY INTO FORCE OF THE NEW TREATY.

1. UNITED STATES INSTALLATIONS WHICH ARE SPECIFIED IN THE TREATY SHALL BE EXCEPTED.

2. IN OTHER AREAS AGREED UPON PANAMA SHALL CONFER UPON THE UNITED STATES POLICE AUTHORITY UP TO A PERIOD OF THREE YEARS AFTER THE TREATY'S ENTRY INTO FORCE. DURING THE THREE-YEAR PERIOD STATED, PANAMA AND THE UNITED STATES SHALL ESTABLISH A JOINT PATROL SYSTEM IN WHICH EACH MEMBER SHALL BE ABLE TO ARREST THE PERSONS SUBJECT TO THE POLICE AUTHORITY OF HIS RESPECTIVE COUNTRY.

G. THE COURTS OF PANAMA SHALL EXERCISE JURISDICTION AND SHALL HAVE COMPETENCE OVER ALL CLAIMS AND PROCEEDINGS WHICH MAY ARISE IN PANAMANIAN TERRITORY, INCLUDING THAT TERRITORY FORMERLY KNOWN AS THE CANAL ZONE, EXCEPT AS AGREED UPON IN THE TREATY.

H. THE NEW TREATY SHALL EMBRACE THE RIGHTS OF USE WHICH PANAMA SHALL CONFER UPON THE UNITED STATES PERTAINING TO THE OPERATION AND MAINTENANCE OF THE PANAMA CANAL.

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EXDIS

1. PANAMA SHALL CONFER UPON THE UNITED STATES THE RIGHTS FOR A THREE-YEAR PERIOD AFTER THE EXCHANGE OF THE INSTRUMENTS OF RATIFICATION OF PRIMARY JURISDICTION OVER ALL OFFENSES COMMITTED IN THE AREAS THE USE OF WHICH PANAMA HAS CONFERRED UPON THE UNITED STATES, AS STIPULATED IN THE TREATY, BY MEMBERS OF THE UNITED STATES ARMED FORCES, CIVILIAN NATIONALS OF THE UNITED STATES EMPLOYED BY THE GOVERNMENT OF THE UNITED STATES, AND THE DEPENDENTS OF MEMBERS OF THE UNITED STATES ARMED FORCES AND THE DEPENDENTS OF THE CIVILIAN NATIONALS OF THE UNITED STATES EMPLOYED BY THE UNITED STATES GOVERNMENT.

2. UNITED STATES COURTS IN THE FORMER CANAL ZONE SHALL CEASE TO FUNCTION THREE YEARS AFTER THE EXCHANGE OF RATIFICATIONS.

3. THE UNITED STATES -- ACTING THROUGH THE ADMINISTRATIVE ENTITY WHICH SHALL ASSUME THE MANAGEMENT OF THE CANAL OPERATION -- SHALL HAVE THE NECESSARY RIGHTS TO OPERATE THE CANAL -- INCLUDING RIGHTS OF FREE AND UNIMPEDED MOVEMENT, TO IMPORT THE EQUIPMENT AND MATERIALS WHICH MAY BE NECESSARY, TO EMPLOY CONTRACTORS, AND TO GUARD SELECTED FACILITIES WITHIN AREAS MADE AVAILABLE TO THE UNITED STATES BY PANAMA.

I. THERE SHALL BE NO CANAL ZONE OR CANAL AREA.

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1. PANAMA SHALL CONFER UPON THE UNITED STATES THE USE OF THE AREAS WHICH MAY BE NECESSARY FOR THE SPECIFIC PURPOSE OF THE OPERATION, MAINTENANCE, PROTECTION AND DEFENSE, AND CURRENT IMPROVEMENTS OF THE CANAL WHICH DO NOT ALTER ITS NATURE. RIGHTS OF FREE AND UNIMPEDED MOVEMENT BETWEEN THE SAID AREAS SHALL ALSO BE INCLUDED.

J. THE UNITED STATES GOVERNMENT, ITS INSTITUTIONS AND DEPENDENCIES, AND ITS EMPLOYEES, SHALL BE GRANTED IMMUNITY FROM PANAMANIAN CIVIL JURISDICTION WITH RESPECT TO ACTS OR OMISSIONS COMMITTED IN THE FULFILLMENT OF THEIR OFFICIAL OBLIGATIONS. PANAMA SHALL HAVE THE RIGHT TO SEEK REDRESS FROM THE GOVERNMENT OF THE UNITED STATES THROUGH DIPLOMATIC CHANNELS WITH RESPECT TO ANY CASES THAT MAY ARISE TO WHICH THIS IMMUNITY IS APPLICABLE.

K. THE UNITED STATES ARCHIVES AND INSTALLATIONS SHALL BE INVIOLOABLE.

L. FOR THE TIME SPECIFIED IN THE TREATY UNITED STATES NATIONALS EMPLOYED BY THE CANAL ADMINISTRATION AND THEIR DEPENDENTS SHALL ENJOY PRIVILEGES AND IMMUNITIES AGREED UPON IN THE TREATY.

1. A LIMITED NUMBER OF HIGH RANKING UNITED STATES OFFICIALS SHALL ENJOY THE SAME PRIVILEGES AND IMMUNITIES AS DIPLOMATIC PERSONNEL.

M. THE TRANSITION PERIOD NECESSARY FOR THE COMPLETE FULFILLMENT OF THE JURISDICTIONAL ARRANGEMENTS STATED HEREIN SHALL IN NO CASE EXCEED A TOTAL OF THREE YEARS, BEGINNING ON THE DATE OF EXCHANGE OF THE INSTRUMENTS OF RATIFICATION OF THE NEW TREATY, EXCEPT THAT SUCH PERIOD CAN BE REDUCED BY AGREEMENT BETWEEN THE PARTIES.

1. IN ORDER TO PERMIT AN ORDERLY AND EFFECTIVE TRANSITION TO THE NEW JURISDICTIONAL RELATIONSHIP THE TREATY SHALL ENTER INTO FORCE SIX MONTHS AFTER THE EXCHANGE OF RATIFICATIONS.

N. COMPETENCE WILL EST WITH THE UNITED STATES OVER SUCH MATTERS AS RELATIONS WITH ITS EMPLOYEES; THE SETTING AND MODIFICATION OF TOLLS; AND THE TRANSIT OF SHIPS THROUGH THE CANAL

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(INCLUDING VIOLATIONS OF NAVIGATION RULES). CLAIMS AGAINST THE UNITED STATES GOVERNMENT, OTHER THAN THOSE OVER WHICH THE COMPETENCE WILL REST WITH THE UNITED STATES, SHALL BE SUBJECT TO - MUTUALLY AGREED CLAIMS PROCEDURE.

O. PANAMA AND THE UNITED STATES SHALL ENTER INTO A SEPARATE AGREEMENT OR AGREEMENTS CONCERNING THE FOLLOWING ACTIVITIES: TROPIC TESTING, JUNGLE SURVIVAL AND COMBAT TRAINING; COMMUNICATIONS; INTER-AMERICAN GEODETIC SURVEY ACTIVITIES; HUMANITARIAN RELIEF OPERATIONS; MEDICAL RESEARCH; FEDERAL AVIATION ADMINISTRATION OPERATIONS; AND SMITHSONIAN INSTITUTION RESEARCH ACTIVITIES, FOR THE PERIOD AGREED UPON IN THEM, AND OTHER ACTIVITIES THE PARTIES MAY AGREE UPON.

P. PANAMA AND THE UNITED STATES SHALL ENTER INTO SEPARATE AGREEMENTS, FOR THE PERIODS SPECIFIED IN THEM, EMBRACING OPERATIONAL RIGHTS BY WHICH THE UNITED STATES MAY UNDERTAKE SERVICES SUCH AS EDUCATION, HOSPITALS, AND PUBLIC UTILITIES SUCH AS WATER AND ELECTRIC SUPPLY AND FIREFIGHTING.

1. THESE ACTIVITIES SHALL BE UNDERTAKEN IN A MANNER CONSISTENT WITH THE EXERCISE OF PANAMA'S JURISDICTION OVER ITS TERRITORY.

PANAMA,

NOVEMBER 6, 1974

THE FOLLOWING UNDERSTANDINGS HAVE BEEN REACHED BY THE NEGOTIATING PARTIES IN CONNECTION WITH THE THRESHOLD AGREEMENT ON JURISDICTION AND RIGHTS OF USE:

1. THE PROVISIONS OF THE SOFA WILL APPLY TO PANAMANIAN AND THIRD COUNTRY NATIONALS IF THEY ARE MEMBERS OF THE UNITED STATES ARMED FORCES OR DEPENDENTS OF MEMBERS OF THE FORCES.

2. THE SYSTEM OF JOINT POLICE PATROLS WHICH WILL OPERATE DURING THE TRANSITION PERIOD WILL NOT APPLY ON UNITED STATES MILITARY INSTALLATIONS.

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3. THE UNITED STATES MAY MAINTAIN MILITARY TRIBUNALS IN PANAMA AS PROVIDED IN THE SOFA.

4. WITH RESPECT TO THE JURISDICTIONAL ARRANGEMENTS WHICH ARE TO ENTER INTO EFFECT IMMEDIATELY, BOTH PARTIES RECOGNIZE THAT IN

A FEW INSTANCES AN ADDITIONAL "GRACE" PERIOD OF NOT TO EXCEED
SIX MONTHS FROM THE ENTRY INTO FORCE OF THE TREATY MAY BE
NECESSARY IN ORDER TO PERMIT THE COMPLETION OF THE NECESSARY
LEGISLATIVE AND ADMINISTRATIVE ARRANGEMENTS OF PANAMA AND THE
UNITED STATES.

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